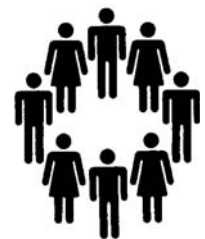# Best Practices in
WORKPLACE
RECOGNITION

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Public Employees Roundtable

& THE GALLUP ORGANIZATION

Contents

Introduction

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Chairman, Public Employees Roundtable

In 2003 Public Employees Roundtable approached The Gallup Organization to create a partnership to produce a handbook for managers on employee recognition. "Best Practices in Workplace Recognition" is the result of that partnership.

The project grew out of a discussion at a Roundtable Board retreat about two of the purposes of the Roundtable: 1) recognizing public employees and 2) celebrating their accomplishments. The Roundtable is a coalition of 31 organizations that share a concern about the quality of public service in America. The Roundtable's goals are to recognize the quality of people in government and the services they provide; promote excellence and *esprit de corps* within government; and encourage people to consider employment and careers in government service at all levels.

The Roundtable has produced two other guides in this series: "How to Celebrate," a guide to celebrating Public Service Excellence Week; and "A Teachers' Kit," which provides resource materials on public service for America's teachers.

The Gallup Organization is the world leader in public opinion polling. Less well-known is that The Gallup Organization is the world's premier management research firm. Gallup collects information about employees, workplaces, and customers around the globe for 100 of the best-managed Fortune 500 corporations, government agencies, school systems, and nonprofit organizations to help them improve their performance. Armed with this unique data for leadership, Gallup has become one of the fastest-growing consulting companies. Gallup's well-known Q^{12} organizational culture survey has helped many organizations improve performance and productivity by connecting organizational culture with business success.

The Public Employees Roundtable (PER) is a non-profit, non-partisan coalition of organizations representing nearly 2,000,000 public employees working together to: better inform citizens about the quality of people in government and the value of the services they provide; encourage excellence and esprit de corps within government; and promote interest in public service careers.

The Gallup Organization has studied human nature and behavior for more than 70 years. Gallup employs many of the world's leading scientists in management, economics, psychology, and sociology. Gallup performance management systems help organizations increase customer engagement and maximize employee productivity through measurement tools, coursework, and strategic advisory services.

Prologue: An unlearned lesson...

It's hardly a blockbuster discovery that positive feedback encourages development and success -- but for most of the 20th century the idea was given short shrift.

Consider, for example, a fascinating study of 4th and 6th graders conducted in 1925 by Dr. Elizabeth Hurlock. Hurlock wanted to investigate the impact of praise and criticism on students' future performance.

She divided the participating children into three groups:

1)   Those in the first group were identified by name and praised in front of the classroom for their good work.
2)   Those in the second group were also identified by name in front of the class, but they were criticized for their poor work.
3)   Those in the third group were completely ignored, although they were present to hear the others being praised and scolded.

The results were measured by how many math problems each student had solved 2, 3, 4 and 5 days later. Students in both the praised and criticized groups did better after the first day. After that, the test scores of those who were criticized began to decline; by days 3 and 4 they were performing on par with those who had been ignored.

The improvement experienced by the students who had been praised, on the other hand, continued on day 3 and was sustained through the end of the study. By the fifth day of the experiment, the overall improvement by group was: Praised: 71%; Criticized: 19%; Ignored: 5%.

The fact that this study was largely overlooked at the time by psychologists and educators alike represents a huge missed opportunity -- a chance to better understand that positive reinforcement is not just a nice "extra." It's an important psychological need, and the lack of it carries profound implications for classrooms and workplaces alike.

The power of positive reinforcement

We know that suffusing an environment with positive reinforcement allows that environment to function at a much higher level. That's why the fourth item on Gallup's Q12 instrument, the employee survey used to gauge 12 essential elements of workplace culture, asks employees for their level of agreement with the statement, "In the last seven days, I have received recognition or praise for doing good work."

Gallup's 2003 meta-analysis across 5,597 business units demonstrated that employee scores on this "recognition" question are positively related to the following business outcomes:

Higher productivity. There was significant positive correlation (r = .12) between the recognition question and whichever productivity criteria the individual organziations in the meta-analysis considered most important.

"In the largest sense, people are attracted to that which is celebrated, and people do what they are celebrated for."
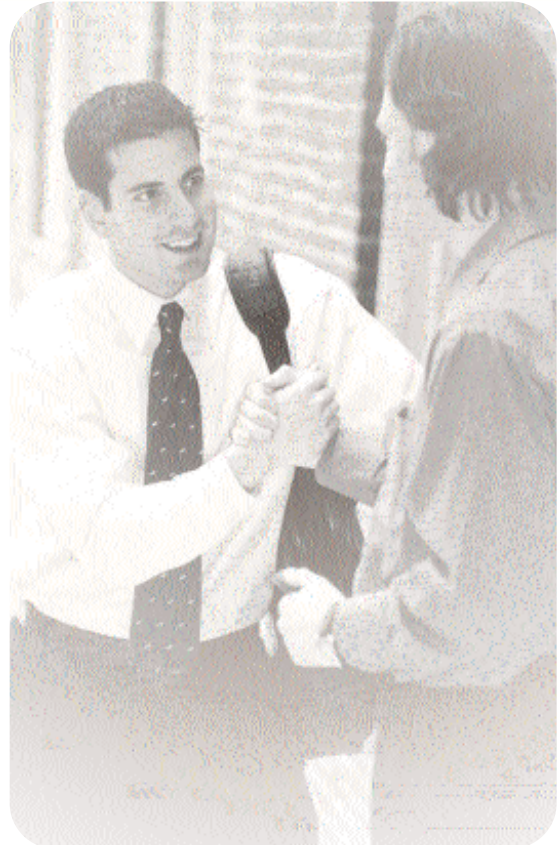*- Dr. Don Clifton*

Better financial performance. In the public sector, this relationship implies an ability to more successfully contain costs and meet budgetary goals. Business units with above-average scores on the three Q^{12} questions related to employee perceptions of reward and fulfillment -- "I have received recognition for good work," "my opinions count," and "the mission/purpose of my organization makes me feel my job is important" -- have a 27% higher success rate on financial measures.

Higher customer loyalty and satisfaction scores (r = .15). For government workgroups, that means improved stakeholder satisfaction.

Better safety records. The recognition question shows a significant negative correlation (r = -.16) with injury rates and the number of lost workdays due to injury.

The recognition item shows *no* direct correlation with the factor that it seems most likely to impact: retention. Jim Harter, chief scientist for Gallup's workplace management practice, notes

that results on the recognition question are highly related to those for the "expectations" and "relationship" questions, which in turn are consistent predictors of higher retention rates. It's a good illustration of the idea that the impact of recognition is mediated by other workplace factors. In other words, for it to be effective, recognition must be for the right reasons and from the right people. It must be done correctly -- and too often it's not.

Criteria for Effective Recognition Systems

So now we have some numbers to back up the intuitive notion that positive reinforcement contributes to a healthy workforce. Nonetheless, the recognition question is one of the Q^{12} items that consistently receives the lowest ratings from employees. WHY?

One fear commonly voiced by managers is that recognizing achievers will create jealousy and cynicism among the rest of the staff. The way to address this is by ensuring that recognition is effective enough and abundant enough to meet the following criteria:

1. Reach all workers. Curt Coffman, Gallup's practice leader for workplace consulting, notes that in most cases, any kind of feedback is preferable to none at all. "Obviously, recognition can be either positive or negative," Coffman says. "Gallup has found, however, that positive recognition and constructive criticism are not opposites. Instead, the opposite of any kind of recognition is being ignored. The worst possible thing we can do to someone at work is to ignore him or her. Workplaces that continue to abide by the old culture -- 'If you don't hear anything, assume you're doing a good job' -- will destroy the very human spirit that makes the true difference in quality output and service delivery." Good managers find a way to recognize each employee when that employee shows excellent performance.

2. Reflect specific accomplishments that represent values of the organization. When forms of recognition reach all workers, they become

a valuable means of transferring information about the group's priorities. "In contrast to this 'old industrial workplace' mindset," says Coffman, "the new knowledge-based worker relies upon praise and recognition to determine the values of the organization. Today, praise and recognition are communication vehicles for that which is deemed important." In order for those messages to come across clearly, effective recognition has to be connected immediately to performance, specific about what is being praised, and close to the action.

3. Be multidirectional. The more abundant recognition is in a workplace culture, the more likely it will be to come in different forms and from different directions -- not just from the top down, but up the hierarchy as team members recognize their managers, and laterally as peers recognize peers. Workplaces need to reach a tipping point where recognition is so normalized that it begins to occur spontaneously and the resulting positive emotions serve as a bonding force between co-workers.

Recognition Culture

Indeed, the benefits of establishing a culture of recognition extend beyond the egos of the individuals being recognized. Psychologist Barb Fredrickson of the University of Michigan works to better understand the benefits of positive emotion to organizational functioning. As she wrote in 2003: "Because an individual's experience of positive emotions can reverberate through other organizational members and across interpersonal transactions with customers, positive emotions may also fuel optimal organizational functioning, helping organizations to thrive, as well."

In other words, positive emotions are contagious. And an environment rich in recognition produces such emotions spontaneously, creating what Fredrickson calls an "upward spiral" to organizational success. As Dr. Hurlock's students demostrated almost 80 years ago, the resulting recognition-rich environment is far more likely help group members achieve their full potential. ❑

> *"Workplaces that ignore employees will destroy the very human spirit that makes the true difference in quality output and service delivery."*
> *- Curt Coffman*

Going to the source

Gallup recently conducted focus groups with high-performing government managers to find out how they celebrate their teams' accomplishments. Here's what we learned.

In December 2003, Gallup conducted focus groups on the subject of recognition in government agencies. The participants included managers who had been selected on the basis of their high scores on Gallup's employee engagement metric. These were groups of high-performing managers chosen in keeping with Gallup's philosophy of learning from the best. Our aim was to investigate how the best managers in public service recognize their associates and learn from their view of how recognition is practiced in the federal workplace.

IMPORTANCE OF RECOGNITION IN THE FEDERAL WORKPLACE

Managers in our focus groups pointed out that individuals who enter into careers in public service are often motivated by their attraction to a larger mission, and frequently they are paid less than their counterparts in the private sector. For these reasons, several felt that public employees may, on average, have a greater need to be recognized than private employees.

Participants also noted that the need for internal recognition may be further heightened because the role of public servants is often transparent to the taxpayer, or distorted by the media. Their contributions are not completely known or understood by many of those outside of government, participants said. When the media do recognize public employees, some participants felt that the media tends to present extreme cases, either glorifying or censuring public servants and failing to recognize the middle ground.

One manager said, *"I use the Washington Redskins as an analogy -- you either love them or you hate them; there's no in-between."*

Another said, *"Sometimes I think the nation confuses [all federal workers] with Congress. They look at Congress as being federal employees and say 'Oh, all of that Washington stuff is a mess,' but unfortunately we get lumped in that same brush stroke of criticism."*

On the other hand, managers noted that it may be worse to be ignored entirely. They felt that the efforts of those in supporting roles within the government are not respected or appreciated.

RECOGNITION TECHNIQUES: WHAT DO THE BEST MANAGERS DO?

1) They get the measurement right. In other words, the recognition they provide is based on criteria that are reliable, specific and highly relevant to each individual's job. "I measure about ten different things," one manager said. "Some of them are efforts -- for instance, with my customer relations group, I measure how many times they've reached out and touched a customer, either in a meeting, e-mail or phone call."

And while the importance of tracking numbers was appreciated, managers were quick to point out the need to measure other types of outcomes. For instance at the IRS it is not only the number of audits that are conducted that is relevant, but how well each audit is performed.

Good managers focus on truly meaningful outcomes -- such as "balanced scorecard" measures like employee satisfaction, customer satis-

In agriculture we're involved in everybody's life every day because of the diverse mission that we do in agriculture. Unfortunately, perhaps, people don't recognize that -- and I think it is important, it's human nature to want to be validated."
- Focus group participant

"*Last year I arranged a 'birthday party' for the division. ...I added up all the years of service and I found out that this little division of 100 people had a combined number of 2,139 years of service. That's two millennia worth of knowledge.*

So I gave a birthday party for the division and talked up the notion that this was probably the most knowledgeable group of tax law experts in the country. And they're still talking about it, wondering when we're going to have the 2,140 party."

- Focus Group Participant

faction and business results -- instead of only measuring what happens to be readily available. Too often, employees are recognized only for very generic accomplishments, like tenure with the organization.

2) Their approach to recognition is creative and highly customized. Among the different ways to recognize good work, the managers in our focus group mentioned cash awards; however, they seemed to attach as much if not more value to other forms of recognition, including:

- Honorary awards;
- Awards received in the presence of family members;
- Time off (e.g., a couple of days of administrative leave);
- Challenging and high-profile assignments; and
- Food.

Participants expressed the importance of public, private and written recognition, according to the preference of the associate being recognized. The best managers realize that when recognition succeeds, it is because it is **sincere and individualized.**

Along the same lines, the importance of **empathy** in effective recognition was underscored in the story of a manager in our focus group whose staff had to come in on weekends to complete an urgent assignment. These IRS staff members had to come in on several weekends for some months to complete tax forms. They were paid overtime for this, but it meant sacrificing spare time they could have spent with their families or meeting other commitments. And though their manager did not have to be there, she showed up on the weekends with pizza to cheer them on.

The managers in our focus group also stressed the role of **creativity** in effective recognition. While documentation requirements, rigid systems and lack of resources can sometimes create disincentives to give recognition, good managers improvise around these problems. For instance one manager in our focus group gave her parking spot to her staff for a month while she was traveling, as a reward for helping meet a deadline.

3) They ensure that recognition is frequent and pervasive. Great managers do this by consciously recognizing heroes in *every role*. The

managers in our focus groups described a culture of recognition which begins with the front-line supervisor recognizing his or her direct reports, and extends throughout the organization's hierarchy.

RECOGNITION AT THE AGENCY LEVEL

It was evident from our focus group that good managers realize that the means of recognition are diverse and that flexibility at the manager level is required in terms of implementing different types of formal and informal recognition. Participants noted that bureaucratic structure can pose a challenge to providing abundant formal recognition within an agency. Some managers in our focus groups came from agencies in which justifying cash rewards requires extensive paperwork, while others reported that they were hamstrung by rules around what awards can be given, who is eligible and other considerations.

On the other hand, some agencies have found ways to simplify their recognition programs. GSA's Fast Track Award System was described by one participant as an example of a system that is "wonderful and without bureaucracy" (see box).

PROFILE: GSA'S FAST-TRACK AWARD SYSTEM

"*We do have a wonderful awards program that is without bureaucracy which I think is an absolutely tremendous asset. At the beginning of the year I'm given a budget based on the number of people that I have and a percentage of their salary, and that's my total award pool. The fast-track award system is an automated system, I can put information into that tool and award people basically on the spot whenever I want to.*

The way we run it is, every quarter we provide cash awards based on performance. Those awards require very little documentation -- I just state what it's for and keep a file of what was awarded for which measurements, and then the person receives it in their next paycheck. It's pretty much no muss, no fuss. The automated system sends us back a certificate that says you were just awarded so much money."

Another point discussed in connection with protocol was the possibility that recognition can be *too frequent,* and thereby lose some of its impact. As one manager said '…if you do it too much, I think they come to expect it; it doesn't really mean anything to them anymore.' However, another manager noted correctly that while there might be such a thing as too much *formal* recognition, this is not true for informal recognition, which needs to happen on a day-to-day basis.

A central challenge to effective recognition that was expressed by focus group participants is the extent to which rewards need to be aligned to agency-wide performance plans and individual performance. In a recognition culture in which monetary rewards have often come to be seen as entitlements, some managers expressed doubts about whether we are truly rewarding high performers when a pot of reward money is divided by the number of people without singling out the best performers.

Another factor that discourages recognition initiatives, according to some of the managers, is their span of control. Some noted that their responsibility for a large number of direct reports makes doing a good job of recognizing each of them a formidable task.

Good managers can improvise around most of these challenges and still motivate their reports with effective recognition. One final insight springing from the groups was that truly talented managers seem to have an innate understanding of the importance and characteristics of effective recognition. Participants noted that the likelihood of establishing a sustainable recognition culture is reduced by the practice of promoting associates into management based on performance criteria that did not consider the ability to manage people.

FOCUS GROUP RESULTS:
TIPS FOR AN EFFECTIVE RECOGNITION PROGRAM

Here are a few suggestions to keep in mind when designing and implementing an organization's recognition system, based on Gallup's focus groups with effective public-sector managers.

1. Develop a marketing plan targeted at employees and change agents within the organization.

2. Find a credible champion. In the words of one focus group participant, it should be "someone with name recognition, someone with high integrity, someone in the organization that everybody knows and respects."

3. Budget resources to support the plan. One agency allocates a recognition budget of 3% of salary to be given out as awards money based on achieving individual and organizational performance goals.

4. Train employees to execute the plan.

5. Create tangible measures that relate to agency strategy and goals. These should be outcome-oriented measures with benchmarks for performance levels.

6. Recognition should not always flow downward -- it should move up the hierarchy and laterally as well.

7. The Performance Appraisal Meeting is not a substitute for recognition, which should be ongoing.

8. Institute "On-the-Spot" awards so that recognition is timely. GSA's model for Fast-Track recognition awards could be used as a guide.

9. Create a handbook or online resource to give managers ideas about how best to recognize and provide the means to implement them.

10. Facilitate inter-agency dialogue.

11. Use the Internet and automate the recognition process so it is transparent and timely.

Conclusion

Effective recognition requires planning, careful thought, and empathy. Individual managers can create meaningful recognition activities within the context of the overall recognition climate of their organizations. Adding additional recognition events, tailoring recognition to meaningful events, and making the process local and personal are all ways managers can provide their employees with recognition that can make the difference between an organization that simply performs well and an organization whose employees are highly motivated and create truly outstanding results.

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The Gallup Organization

The Gallup Organization's Government Division partners with 26 government agencies to manage human capital and performance by optimizing workplace conditions. For more information about Gallup's research and services, please visit **www.gallup.com** or call **202-715-3030.**

Online Resources:
OFFICE OF PERSONNEL MANAGEMENT

Federal Government managers who want guidance on praise and recognition of their employees can find a wealth of information on the Office of Personnel Management's (OPM) Web site: *www.opm.gov.*

OPM offers managers a "rewarding" portal, from which managers can delve deeper into "recognizing employees, individually and as members of groups, for their performance and acknowledging their contributions to the agency's mission." For more specific questions, managers can go to the Frequently Asked Questions page.

Among the contents of OPM's recogition site are articles and documents in the following areas:

- **Policy Documents:** Five policy-related documents give managers information on select policies, including quality step increases, presidential election campaign restrictions, and a summary of reward types. The articles are not OPM or Federal policy directives, but offer high-level guidance on a few selected topics.
- **Newsletter Articles:** This area offers 25 links to varying topics discussed in the Workforce Performance newsletter. Dating from 1993 to 2001, the articles are all between one and two pages, and describe recent practices, updates to existing procedures, answers to letters, conference summaries, and a three-part series on nonmonetary rewards.
- **Rewarding Teams:** These four articles published between 1994 and 2000 specifically address issues of rewarding teams, rather than individuals. All four offer real-life examples of the approaches taken by Federal and non-Federal organizations to rewarding and improving team performance.
- **Nonmonetary Rewards:** Eight articles published between 1995 and 2000 describe the benefits and options of nonmonetary rewards to employees. Managers can read about honorary and informal rewards. One of the articles helpfully explains that the legislation on this subject, and OPM's approach, is broad, giving agencies several options to reward employees. Positive feedback is the topic of another article.
- **Case Studies and Examples:** This section provides 19 articles from 1994 to 2000. The articles describe best practices and approaches that various Federal agencies and public and private sector organizations have taken concerning rewards and recognition.
- **Book Reviews:** This section provides links to short summaries of three performance-related books. The books listed are: *1001 Ways to Reward Employees* (1994, Bob Nelson); *Innovative Reward Systems for the Changing Workplace* (1995, Thomas B. Wilson); and *Managing Generation X: How to Bring Out the Best in Young Talent* (1996, Bruce Tulgan). Each summary is two to three pages long, highlighting the authors' main points and touching upon how they might apply to Federal employees. These are not true critical reviews, but they may help managers decide whether or not to read the books.

  In addition, Gallup has produced several management books that address workplace recognition issues, including *First, Break All the Rules* (1999, Marcus Buckingham & Curt Coffman) and the forthcoming *How Full Is Your Bucket?* (2004, Tom Rath & Donald O. Clifton).